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SUBJECT: ISRAEL MEDIA REACTION

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SUBJECTS COVERED IN THIS REPORT:  
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- [1](#)1. Mideast
- [1](#)2. Israel-Germany Relations
- [1](#)3. Global Stock Exchange

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Key stories in the media:  
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Ha'aretz reported that Israel and Egypt are conducting intensive negotiations in an effort to reach a long-term cease-fire in the Gaza Strip, which would include reopening the Rafah border crossing between Gaza and Egypt. Amos Gilad, head of the Defense Ministry's political-security bureau, visited Cairo on Tuesday for the second time in a week to meet with senior Egyptian officials, who are mediating between Israel and Hamas on this issue. Ha'aretz reported that among others, Gilad apparently met with Egyptian intelligence chief Omar Suleiman, who has been postponing a planned visit to Israel for the past three weeks. It could be that he will come only after a deal is finalized. In exchange for a cease-fire, Hamas is demanding that the economic siege of Gaza be lifted. Israel apparently opposes a full lifting of the siege, but might agree to a partial reopening of the Rafah crossing. Reopening Rafah -- something the U.S. has been urging Israel to agree to, at Egypt's behest -- would mean bringing back the European monitors who abandoned it when Hamas seized control of the Strip last summer. Hamas is demanding that its own people be present at the crossing, but would apparently settle for a low-profile presence, with primary responsibility for the border being given to the security services subordinate to PA Prime Minister Salam Fayyad. Ha'aretz quoted defense sources as saying that Israel has presented relatively hard-line positions at the talks with Egypt, and that Defense Minister Ehud Barak gave Gilad very little negotiating leeway. Israel's estimate is that Hamas is currently interested in a relatively long-term cease-fire, because it is still recovering from the heavy fighting earlier this month, in which dozens of its people were killed and its store of rockets depleted. Ha'aretz reported that senior U.S. officials recently told their Israeli counterparts that Israel must do everything in its power to ensure that its relationship with Egypt is not undermined by the fighting in Gaza and the ongoing arms smuggling across the Gaza-Egypt border, which

Israel has accused Egypt of not doing enough to stop. Ha'aretz reported that during a recent visit to Cairo and Jerusalem, Assistant Secretary of State David Welch told Gilad that the Egyptians are "more willing than ever before to find a joint solution to their problem with Israel," and therefore, "Israel must accelerate the dialogue with them, in order to end the crisis." Ha'aretz reported that in addition to urging Israel to reopen Rafah, the U.S. is also urging it to accede to another Egypt demand -- to station more military personnel (as opposed to regular policemen) along its border with Gaza. The Jerusalem Post quoted defense officials as saying that DM Barak is leaning towards accepting a deployment of PA forces at the Gaza crossings.

Visiting U.S., Senator and Republican presidential candidate John McCain was quoted as saying on Tuesday in an interview with The Jerusalem Post that the success of Hamas and Hizbullah in the region is not only a danger for Israel, but also a threat to U.S. national interests. He was quoted as saying that Hamas and Hizbullah want to destroy everything that Israel, the U.S., and the West hold dear. He was also quoted as saying that the U.S. must not dictate to Israel terms for peace. Ha'aretz quoted him as saying at a meeting with President Shimon Peres that he was concerned by Iran's negative influence on the region -- namely, the fact that it trains, finances, and otherwise assists radical groups -- and that his concern had merely been heightened by his current tour of the region. Ha'aretz quoted him as saying in Jordan: "I support Jerusalem as the capital of Israel." Leading media reported that McCain will visit Sderot today.

Maariv reported that Attorney-General Menachem Mazuz has approved new engagement rules. According to the new regulations, sniper fire at Palestinians who riot or damage the security fence -- including in the Jerusalem area -- has been permitted, identical to the rules of engagement for the West Bank. Maariv quoted anti-fence activists as saying that this constitutes apartheid.

In what Yediot called a "tranquilizer injection," all media reported that Federal Reserve Chairman Ben Bernanke lowered cut the federal funds rate from 3 percent to 2.25 percent. The media noted a subsequent positive trend in the U.S. and around the world. Media reported that Israeli economists advocate cutting interest rates in Israel as well. Israel Radio quoted Manufacturers Association Chairman Shraga Brosh as saying that such a move is needed to prevent speculation against the shekel. Ha'aretz quoted Bank of

Israel Governor Stanley Fischer as saying on Tuesday in an interview with Bloomberg that the central bank would not intervene in the future in foreign currency markets without announcing it first. The shekel continues to weaken: on Tuesday a U.S. dollar was worth 3.389 shekels.

All media reported that German Chancellor Angela Merkel told the Knesset on Tuesday that her countrymen's hearts were filled with shame over the Holocaust and that her government would stand with Israel against any threat -- especially a nuclear Iran.

All media reported that on Tuesday Meretz MK Haim (a.k.a. Jumes) Oron defeated MKs Ran Cohen and Zahava Gal-On with a wide margin to become the new Meretz leader. Incumbent Meretz Chairman Dr. Yossi Beilin endorsed Oron. Kadima and the Labor Party called on Oron to join the government; however, Oron rejected the idea and criticized Labor Party Chairman and Defense Minister criticized Barak, saying that he cannot pretend to be the leader of the peace camp.

Media reported that at least four members of Islamic Jihad were reported injured on Tuesday in an IDF air strike near Beit Lahiya in the northern Gaza Strip. According to Palestinian sources, a dozen Palestinians were injured in the incident.

The Jerusalem Post cited assessments in Jerusalem, according to which Russian FM Sergei Lavrov may carry a message from Syrian President Bashar Assad when he arrives here on Thursday.

Ha'aretz and other media reported that on Monday Switzerland signed a huge deal for the supply of Iranian natural gas to Europe. Ha'aretz reported that the American Embassy in Berne published a statement on Monday denouncing the deal, saying it sent "precisely the wrong message at a time when Iran continues to defy UN Security Council resolutions." Even if the deal does not violate the letter of UN sanction, the statement added, it "violates the spirit of the sanctions." Ha'aretz reported that a Swiss journalist who covered the deal and spoke on condition of anonymity told the newspaper that the U.S. had tried repeatedly to stop it, but that "Switzerland feels that it is backed by the EU, and by the real needs of its residents."

Israel Radio reported that Hamas is ready to resume talks with Fatah on the basis of an initiative from Yemen, according to which Hamas would give up control of the Gaza Strip and elections in the Palestinian areas would be moved up.

Israel Radio quoted far-Right Rabbi Shalom Dov Wolpe of Chabad as saying that Israel is an "enemy state."

Ha'aretz reported that a report on racism on Israel, set to be released today, found that Israel's Jewish community increasingly supports the delegitimization, discrimination, and even deportation of Arabs. The report was prepared by Mossawa, the Advocacy Center for Arab Citizens of Israel. Mossawa is supported by the Human Rights Program of the European Commission and the UN Democracy Program. Maariv reported that today, for the first time, the High Court of Justice will debate the issue of ethnic profiling at Ben Gurion Airport.

Ha'aretz reported that 70 Arab and Jewish community leaders met last weekend to promote a plan to turn the scenic Sakhnin Valley in northern Israel into a model of intercommunal cooperation rather than strife.

Israel Radio reported that Israeli authorities prevented senior PA official Rawhi Fattuh from bringing 2,000 cellular phones into the PA from Jordan. Fattuh holds a VIP permit delivered by the GOI, which the Civil Administration is now considering revoking, as well as those of other senior Palestinians.

Leading media reported that Tourism Ministry Director-General Shaul Zemach announced on Tuesday during the largest tourism fair in Russia that an accord due to be signed today will eliminate the tourist visa requirement for Russian and Israeli travelers. The agreement, to be signed by Russia and Israel's tourism ministers, will come into effect within a few months.

The Jerusalem Post presented the results of Tel Aviv University's

Peace Index poll conducted on March 3-4, 2008: Although Jewish Israelis are divided on how to react to the rocket fire from the Gaza Strip, most prefer military means over a cease-fire based on a dialogue with Hamas.

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1. Mideast:  
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Summary:  
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Arab affairs correspondent Smadar Perry wrote in the mass-circulation, pluralist Yediot Aharonot: "This is precisely the moment when Foreign Minister Livni should take advantage of her good ties with the ruler of Qatar and his cousin [the country's Prime Minister and Foreign Minister], pick up the phone and demand an assurance of balanced coverage [on Aljazeera-TV]."

Block Quotes:  
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"Double Face in the Mirror"

Arab affairs correspondent Smadar Perry wrote in the mass-circulation, pluralist Yediot Aharonot (3/19): "Aljazeera-TV, like the emirate of Qatar, speaks in two tongues. On one hand, diligent journalists pursue exclusive stories. On the other hand, they are pushed to conduct themselves according to an agenda: Osama bin Ladin against the Americans, Saddam Hussein against the occupation, Nasrallah against Israel, Khaled Mashal in favor of suicide terrorism and terror attacks against Israel. Qatar gives a warm home to the leadership of Hamas and flirts with the ayatollahs from Tehran, but it also houses the largest American base in the region and an Israeli diplomatic mission. And so, on the one hand Aljazeera-TV made a decision, unprecedented in the Arab media, to put Israeli spokesmen on the screen, and on the other hand, they harass them with argumentative questions. Regular viewers of the channel cannot fail to reach the sad conclusion that only few people on our side can come out of the adventure with dignity. Either the respondents are chosen maliciously, or else vital air time is slashed from their statements. Israel has a long score to settle with the station's double tongue.... It is hard to find elation in Jerusalem about the decision to boycott Aljazeera-TV (it is in fact a semi-boycott). Both sides have come out of this affair battered. While Jerusalem grumbles, the managers of Aljazeera-TV are alarmed: It is not simple to shuttle between the scene of the events in the territories to the studios in Jerusalem under the shadow of a collective punishment. This is precisely the moment when Foreign Minister Livni should take advantage of her good ties with the ruler of Qatar and his cousin [the country's Prime Minister and Foreign Minister], pick up the phone and demand an assurance of balanced coverage. This is also the moment to conduct quiet talks with the crews in the field, and then to seize the opportunity and recruit the top PR experts. We should remember that at the edge of the Aljazeera-TV images hangs a revolving mirror: On one side, we are seen by the Arab world, and on the other side we are invited to look at ourselves."

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2. Israel-Germany Relations:  
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Summary:  
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The independent, left-leaning Ha'aretz editorialized: "Germany is currently Israel's best friend in Europe, and perhaps even in the world, excepting the United States.... What to many Israelis looks today like a 'normal' relationship remains, in the eyes of Merkel's Germany, a 'special' relationship that requires constant investment -- 'in words and deeds.'"

Block Quotes:  
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"A Special Normalcy"

The independent, left-leaning Ha'aretz editorialized (3/19): "[German Chancellor Angela Merkel's] visit did not generate front-page headlines here; in the public discourse, Germany has become an almost 'normal' partner of the Jewish state. How can this be explained? In the first place, Merkel's visit was not the first visit to Israel by a German chancellor.... Second, and more importantly, Germany is currently Israel's best friend in Europe, and perhaps even in the world, excepting the United States. It stands out in the European Union for being willing to support Israel under difficult circumstances and for working to balance anti-Israel resolutions in international forums.... Germany was the first to stand beside Israel during the Gulf War, it built submarines for Israel at no cost, and it has worked tirelessly to help Israel's captives and MIAs. Third, Merkel herself has a special relationship with Israel, different from that of some of her predecessors. Her visit here is her third of the last two years. She feels a deep responsibility toward Israel, both because of the Holocaust and because of the actions of East Germany in which she grew up, whose hostility toward Israel was exceptional even by Soviet-bloc standards. This 'consistent and loyal friend of Israel,' as Prime Minister Ehud Olmert termed her in the Knesset on Tuesday, is the 'architect of the upgraded relationship' between the two countries.... In her speech to the Knesset, which she opened and closed in Hebrew, Merkel promised to work to halt Iran's nuclearization, to fight anti-Semitism, and to strive for closer relations between Israel and the EU. She also expressed solidarity with Israel's efforts to cope with terror attacks and Qassam rockets, and above all, she stressed her country's 'everlasting responsibility' for the Holocaust. What to many Israelis looks today like a 'normal' relationship remains, in the eyes of Merkel's Germany, a 'special' relationship that requires constant investment -- 'in words and deeds.'"

### 13. Global Stock Exchange:

#### Summary:

Chief Economic Editor Sever Plotker opined in the mass-circulation, pluralist Yediot Aharonot: "A one-percent interest cut [in U.S. interest rates] would ... have signaled pressure and weakness."

Economic Editor Rafi Rosenfeld wrote in the popular, pluralist Maariv: "The Americans have been committing suicide with this mad consumption.... But others also pay this price on the way -- they really don't deserve it: Israel, for instance."

#### Block Quotes:

#### I. "On the Right Track"

Chief Economic Editor Sever Plotker opined in the mass-circulation, pluralist Yediot Aharonot (3/19): "The financial market had been waiting for the first signal from the Federal Reserve. It eventually came: A one-percent interest cut would have achieved an opposite result. It would have signaled pressure and weakness. Cutting the interest rate by 0.75% -- less than the pessimistic forecast -- was interpreted as a sign that in Bernanke's view, the financial crisis is no longer extreme. What's right for Bernanke is correct for Bank of Israel Governor Stanley Fischer, too. Professor Fischer understands that the problem of flooding the market with too cheap money.... This is why he refrained from intervening in foreign trade on Tuesday. In his interest-rate moves, [Governor Fischer] wishes to achieve an important goal: to prevent the Israeli economy from slipping from a slowdown into a recession, and from a recession to a depression. Fischer views economic growth as the key to guaranteeing Israel's future. To him, it is the most important thing."

#### II. "Uncle Sam's Mortgage Loan"

Economic Editor Rafi Rosenfeld wrote in the popular, pluralist Maariv (3/19): "Over the past few months a parade of sales of hi-tech companies [to giant U.S. firms] has been going on in Israel.... The United States, the largest economy in the world,

which in the past financed a large part of Israel's activity, is the party that's halting Israel's growth with a screech. This happens before of the lifestyle in the States.... The Americans have been committing suicide with this mad consumption.... There is poetic justice in the current collapse. Those who have been living a spendthrift life over the past few years are now paying the price. But others also pay this price on the way -- they really don't deserve it: Israel, for instance."

JONES